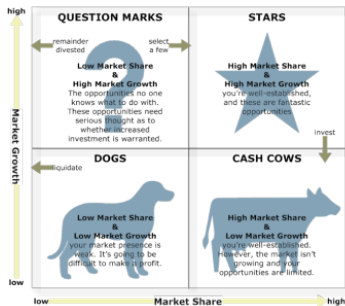

Revision of selected topics

Boston Matrix – May, 2017

BOSTON MATRIX

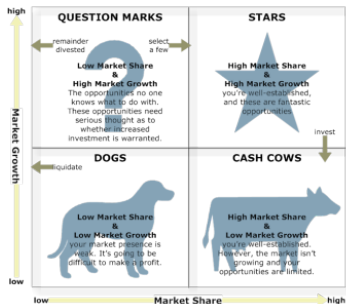
- ▶ It is difficult in practice to tell what *stage of the life cycle* a product is at
- ▶ Two criteria are used to *categorize products*
 1. *market growth*
 2. *relative market share*



BOSTON MATRIX

STARS

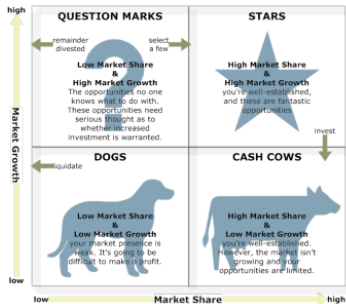
- ▶ product with *high market growth* and a relatively *high market share* → strong position in market
- ▶ product is likely to be *profitable* (high market share)
- ▶ business still needs to invest in the product (growing market → growing sales)
- ▶ *net cash flows* may be near zero: revenues < investment spending



BOSTON MATRIX

CASH COWS

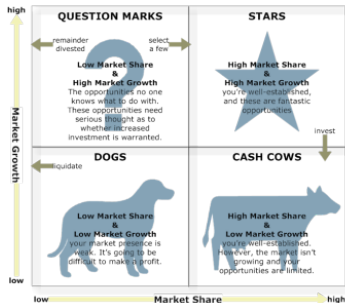
- ▶ product with a relatively *high market share* → well-positioned in market
- ▶ product is likely to be *profitable* (high market share)
- ▶ little chance of increasing sales & profits (weak growth in market)
- ▶ strong positive *net cash flows*: revenues >> investment



BOSTON MATRIX

QUESTION MARKS

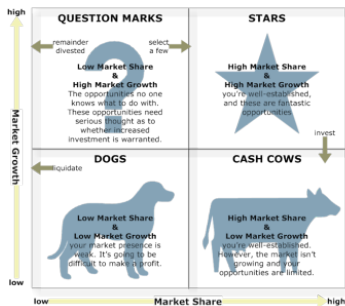
- ▶ product with *fast-growing market* and a relatively *low market share* → unclear what should be done with product
- ▶ product is unlikely to be *profitable* (low market share/ bad performance)
- ▶ potential to turn it into a *star* (fast-growing market)
- ▶ zero or negative *net cash flows*: revenues < investment



BOSTON MATRIX

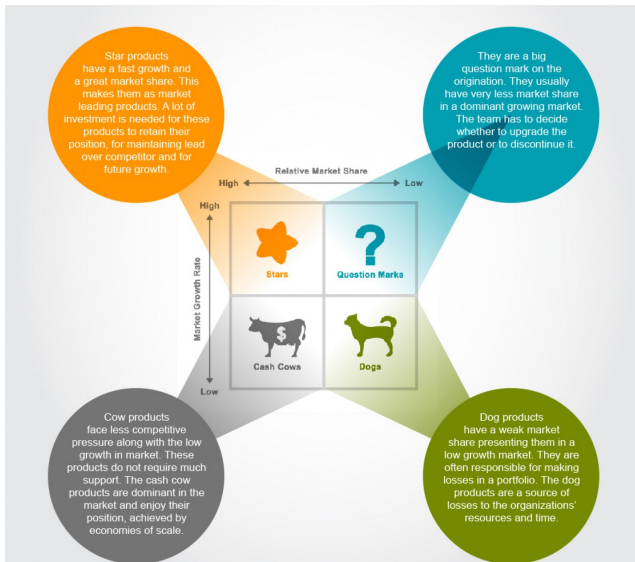
DOGS

- ▶ product with *low growth market* and a relatively *low market share* → poor prospects for future sales & profits
- ▶ may generate positive *net cash flows*: revenues > investment (not much investment required)



BOSTON MATRIX

SUMMARY



MOTIVATION THEORY

- ▶ see slides of Chapter 17

EXCHANGE RATES

CHAPTER 41

EUR to GBP Chart

8 May 2007 00:00 UTC - 4 May 2017 17:45 UTC **EUR/GBP** close:**0.84954** low:**0.66848**
high:**0.97779**



12h

1D

1W

1M

1Y

2Y

5Y

10Y



EUR - Euro



GBP - British Pound



EXCHANGE RATES

Live Currency Rates

Currency	Rate	
EUR / USD	1.09707	▼
USD / JPY	112.389	▲
GBP / USD	1.29156	▼
USD / CHF	0.98812	▲
USD / CAD	1.37660	▼
EUR / JPY	123.299	▼
AUD / USD	0.73995	▼

EXCHANGE RATES

- ▶ exchange rate determined by *market forces*
 - ▶ if demand for UK exports rises → increase in the demand for pounds
 - ▶ foreigners need pounds to pay for goods from UK
 - ▶ exchange rate of pound will increase
 - ▶ *exchange rate appreciates*
- ▶ variations in the exchange rate will affect *demand for exports and imports*
- ▶ Table 1 page 235